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July 9, 2014

To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE ON THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

This memorandum is to provide the Board with an update on H.R. 803, the Workforce Innovation and Opportunity Act (WIOA), legislation which reauthorizes Workforce Investment Act (WIA) programs for the first time since WIA was enacted in 1998. On July 9, 2014, the House passed H.R. 803 on a 415 to 6 vote, sending it to the President, who will sign it into law. The Senate passed the bill on a 95 to 3 vote on June 25, 2014.

Highlights of WIOA Bill (H.R. 803)

The Workforce Innovation and Opportunity Act bill represents a bipartisan/bicameral compromise, which is much closer to current law and a previous Senate-passed WIA reauthorization bill (S. 1356) than to the previous House-passed "SKILLS Act" bill, which would have eliminated and consolidated 35 Federal workforce programs (including WIA, Supplemental Nutrition Assistance Program (SNAP) Employment and Training, Title V Older Americans Act (OAA) Employment, and Refugee Social Services programs) into a new Workforce Investment Fund funded at a lower level and block-granted to states. Instead, the bill eliminates 15 programs of which only one small WIA competitive grant received any Federal Fiscal Year (FFY) 2014 funding.

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H.R. 803, as cleared for the President's signature, repeals and replaces WIA with authorizing language which uses the same program names, funding, and administrative structures as WIA. Therefore, the WIOA bill is a WIA reauthorization bill except that it changes the Act's name from the Workforce Investment Act to the Workforce Innovation and Opportunity Act. It extends the authorization for Title I Adult, Dislocated Worker, and Youth formula grants through FFY 2020 with funding authorized in FFY 2015 at their enacted FFY 2014 appropriation levels followed by small annual increases after FFY 2015:

Adult Grants increase from \$766.1 million in FFY 2015 to \$900.0 million by FFY 2020;

Dislocated Worker Grants increase from \$1.222 billion in FFY 2015 to \$1.436 billion by FFY 2020; and

Youth Grants increase from \$820.4 million in FFY 2015 to \$963.8 million by FFY 2020.

Highlights of changes made by the WIOA include the following:

- Requires each state to develop four-year state plans for their "core" WIOA Youth, Adult, Dislocated Worker, Adult Education, Vocational Rehabilitation, and Wagner-Peyser State Employment Service programs which include a strategy for aligning these programs to achieve the state's workforce vision and goals. A state also may develop a combined state plan for one or more of the core WIOA programs and certain other programs and activities, including the Temporary Assistance for Needy Families, SNAP Employment and Training, and the OAA Employment program;
- Revises procedures for the governor of a state to designate workforce development areas in consultation with local officials and in consideration of labor markets and economic development regions in the state;
- Reduces the minimum number of local workforce investment board (WIB) members required by Federal law;
- Provides local WIBs with greater flexibility in meeting the training needs of individuals, such as by eliminating the requirement that an individual proceed through a sequence of core and intensive services before determining their eligibility for Federal-funded training services;
- Establishes a common set of six performance measures for adults and separately for youth under Federal workforce programs;

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- Increases the minimum percentage of total youth funding that must be used to serve out-of-school youth from the current 30 percent to 75 percent though the bill greatly expands the definition of out-of-school youth to include any youth between age 16 and 24 who are not attending school and who meet one other criterion, such as being homeless, in foster care or aged out of foster care, in the justice system, disabled, or pregnant or parenting;
- Increases the maximum percentage of total Adult and Dislocated Worker funding that may be transferred by local WIBs between the two programs from 30 percent to 100 percent with the governor's approval; and
- Eliminates 15 workforce programs of which only one program -- the Workforce Innovation Fund, which was funded at \$47.3 million in FFY 2014 -- received any appropriation for FFY 2014. Eliminating these programs, therefore, would have little fiscal effect.

The effective date of the bill's changes generally will be the first day of the program year, which begins on July 1, 2015.

We will continue to keep you advised.

WTF:RA
MR:MT:lm

c: All Department Heads
Legislative Strategist